

The Historical Development of the Organizational Management and its Theoretical Characteristics

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Abstract

In this paper I intend to describe the historical development of the organizational management and its theoretical characteristics including the representative investigators' researches. Above all this paper is based on what we call the famous management theories, that is, F. W. Taylor's and Henri Fayol's as the Classical, Elton Mayo's as the Neo-Classical, Chester Irving Barnard's and Herbert Alexander Simon's as the contemporary, and others. I deal with the current of these organizational theories of business administration.

Contemporary theory of business administration is especially composed of two important factors described in text, I think, and they are what we call Classical Business Management which is included Traditional Management Theory, and also the organizational theory of Behavioral Science as the theories of modern business management. I consider to insist that we should investigate the current on these theories because we recognize the organizational administration and the management theory of these days indirectly.

In the theories of the Traditional Administration and Classical Organization the members who work in business organizations are thought to be something like parts of machines. Business managers in the era need or ask for low labor cost and workers also ask for high wage anyway at all costs. Of course in these composition there is no room that the members of the organization develop each other as if they were in closed space. So we call such a structure a closed system in a technical term of management theory. These inclination was seen or observed in management theory or managerial practice not only in the United States but also in France and of course in Japan.

So as to solve these negative problems the investigators who belonged to the School of Behavioral Science brought forth the theories of Neo-Classical organization what we call Human Relations.

They treated the workers as they are alive, which meant they had individual idea and also individual sentiment. And after that in the theories of management more modern thoughts have appeared as I said before such as C. I. Barnard's and H. A. Simon's theories. Above all Simon's theory become the center of interest because he pays attention to the functions of the organization and where as the vest of his book is concerned largely what goes on "inside" administrative organizations including the modern current as a society of information era or the beginning of the Information Technology Era.

Key words: Traditional Theory of Management, Human Relations, Management Theory of Behavioral Science, Decision-Making

1 Introduction

The theories on business administration and managerial organization especially as to the trait in the structure are developing as succeeding to the characteristics of the theories in classical or traditional era. Business administration or the management of the business organization is to the goal which the nature of management is to be intensive in terms of the objection and the rationality. The final purpose of the traditional management or classical management is the research of the rationality anyway. The base of the productive rationality is, as we know, the principles of scientific management as scientific general rules.

Since the era of classical or traditional theories the basic problem of efficiency in business administration has been a big theme of course including modern business administration. Once they thought that those problems were solved by "science" of management in the United States and France and also many scholars tried to do so in their studies and researches. After all the representative of these for example "scientific management" by F. W. Taylor in the United States and also the theory of "management process" by Henri Fayol in France. But we cannot say that we saw the complement of rational achievement of organizational management in terms of business administration with correctness, and these problems succeeded to many subject including the structural and functional formation without solution at the present time and we have to point them out especially.

The scientific management by Taylor overwhelmed the drifting management style as a central art of a method in management, and he and his company devised the very famous things as time study and also motion study, and they designed not the task management but also the theory

of business administration so that they might make the pattern of administration develop in 1910's. The principles of scientific management, however, therefore are in short the low labor cost for managers and the high wage for labor, so these things were not completed yet, and the fact was that these points had been criticized as not the things of correctness in real science of management in itself. The functional foremanship which was distinguished into a kind of a functional organization in his idea was passed from a judgement on really organizational control in the view of not only the lack of unity but also the organizational management as a decisive want in the principle of specialization.

Fayol as well as Taylor is the other competing for leadership on the management organization, who insisted on the management process, which was influenced on the present art of business administration, and from these points we have to consider their nature very carefully. Above all planning, organizing, order coordination, control and all these factors consist of the management processes, and his pointing these out is very important and also we have to give high estimation to this analysis but at the same time we can find a lot of problems these points. As Fayol pointed them out in his major book, in the case of organizational management, the rule of division of work, authority and responsibility, the rule of centralization and hierarchy, and the rule of unity of control which was influenced on the theory of bureaucracy in Max Weber's ideas, and all of these aspects were very useful and important at the time but nowadays these aspects are inclined not to be so important and general.

We can get his ideas into shape as one boss system which was the characteristics of forms in the organizational management in one theory of a method. But here the things which need carefulness cannot be called a line organization or a military organization which were suggested to be "military" as a convenient name of a kind of organization in the distinguishment of forms of organizations described by Fayol. Because at the present time the modern military is not managed only by the system of the communication of the upper and lower classes in the case of putting into operation but if we recognize the many kinds of staffs there, we cannot call it a military organization simply. There is a reason why the organization form of Fayol's idea is not called "military" nowadays, that is, the military organization is also a kind of organization so it takes a behavioral process which is based on the organizational behavior in order to survive so in that point it must or should take the behavior considering the external environment (for example the political situation) and also the internal environment (for example the logistics). Therefore the organizational form which was designed by Fayol is to be called line simply so the way for calling this of our own time is not the form of military but the form of the line organization.

By the way surely we recognized that the forms on the structure designed by Taylor and Fayol are based on the modern style organization for management but we can not deny the fact that their forms are too old to use the managerial organization at the present time. So the next theory of organization comes to the position as it criticized the old style critically and constructed a new managerial method in managerial organization, that is, neo-classical management theory and management theory of behavioral science appeared in the managerial organization theory as we know. The opportunity of making these theories appeared was very famous event which was Hawthorne Experiment in general, above all the concrete and describing result was the methodology as Human Relations (H.R.) and of course this methodology is also important for the up-to-date managers to say nothing of all of workers. Making a long story short they tried to solve the problems like compound eyes and those are the problems which Taylor and Fayol insisted that the rationality and making science of management should be very important for the situation of cooperation of human being and the efficiency of the production. The result of these problems were made a comprehensive complication by E. Mayo and Roethlisberger & Dickson pair and in the current of the relational study the characteristics of them was the difference in the aspect of human being, that is, we can see the pattern of old economic man from the pattern of new administrative man. Their theories on Human Relations were much influenced on the later scholars' theories of business administration and at the same time they have been absorbed to the theories of the organizational management.

W. G. Scott who is a very famous scholar on the theory of managerial organization divided the current into three parts, that is, "classical doctrine", "neo-classical theory of organization", and "the modern organizational theory". After that A. Kieser and H. Kubicek divided these among three theories, that is, "theory of bureaucracy", "theory of the U.S. and U.K." and "theory of managerial economics", so called neo-classical organizational theory Human Relations directly, and also they added the three theories which are "the decision-making of behavioral science", "situational research direction", and "the theory of systematic approach", so that Scott's theory became minute more clearly, and then late scholars has become analyzed their theories and their position in study and many men of practice and scholars have made their theories systematized present-day management theory styles.

So in this thesis I will analyze the structure and forms which were produced by many major theorists as to business administration or business management and organizational management, and I will intend to investigate the aspects of the real base so that I make some kinds of problems more clear and correctly.

2 Basic View of Classical-Neo-Classical Organizational Management

The practical and scientific investigation of business administration and organizational management began at the beginning of the 20th century as we know, before this time 'management' was based on the sense and experience of the managers, that is, the drifting management, so we could say that the system of these style was not democratic but feudalistic, daring to say these phenomena, these systems were not called business administration or business management. Under the conditions the workers in many companies deteriorated their morales (including moral), so that they idles away their times at organization and this matter let the efficiency and the effectiveness down repeatedly and negatively. These situation came from the point of the manager's personal history and his own sense as to the internal structure of the organization in the corporation so as to accomplish the high wage and the low labor cost anyway, and also the manager's made the workers done a lot of jobs to get the surplus value (including the special surplus value) so that the system of the management was getting worse and that unscientifically, closedly and inhumanely.

In such an inclination Fredelick Winslow Taylor criticized the unscience and the non-efficiency of the management, and he insisted that the management should be more scientific in order to adopt a new art of administration to corporations. Of course he didn't destroy the old style management or administration, and we must say that he didn't solve the almost all of the problems at that time, but we may recognize that he tried to construct the system which destroyed the unclearly unscientific wage system and also the systematic soldiering he hasted most. In the aspect of the organizational management he thought about the modernization of an organizational structure very hard so that he might insist on the need to discuss how to exist the system of working-wage of science and also to discuss the complain of the worker in the job, so he didn't recognize the administrative art with the one boss system in the line organization. The functional organization of which he thought was brought forth based on the pointing it out, in short in the line organization the workers didn't give full play to their abilities of functions which were needed complex working processes in the mechanical production, so that he named the new system of organizational management the functional foremanship.

His main intention of which he thought was adopted a principle of specialization reforming the logic of the unity of control, and the unity of control itself was the source of the displeasure for the laborer at that time, so the organizational management of pluralism of his was the char-

acteristics in terms of the aspects in the structure and the organizational form. As a skill of organizational management he tried to make the job a science by adopting the functional foremanship in the foundation of the specialization so a scientific culculation of the most appropriate working time by “time study” and also the measuring of the most suitable working action, and he tried to shirk the irrational devaluation of labor wages and also to set up a standard working-time a day, then he called the setting up task, adding to these things he undertook the methods of job-management as the principles of scientific management based on the skill of science, and after these schemes of his he put a question to people in the society about the “scientific management”.⁽¹⁾

On the one hand Taylor insisted on the importance of the scientific management in the United States, on the other hand in France H. Fayol was intending to plan the sience of management and tried to design the theory of “management process” including the investigation of a really scientific management as representative of French administration.⁽²⁾ The process in management was the core of the functional theory of his idea, that is, the management process was based on the old skill in short the line organization in the foundation of the organizational management especially in the aspects of the organizational structure and the organizational form, so that his design was not so different from the old style methods in the management comparing the two styles. But the theory of the skill in the management itself was very different from others, that is , he accounted for the concerned “process” in order to revive the points of excellence in the skill of the management in line organization, and they were not throughout simply the unique direction in a straight line process so he explained that they were drawing a process of a cycle from a logical point of view and he persisted that the point of the view was clearly important in management. His “management cycle theory” consists of five managerial functions, that is, “prévoir”, “organiser”, “commander”, “coordonner”, “contrôler”, and their characteristics can be seen as if they drew a circle and a feedback in the managerial structure, and such a point is common to the scholars and theorists of “Management Process School” in the logic of universality including the difference of terminologies to some extent. The special feature of people of this “School” is based on the very simple functions, that is, “Plan”-“Do”-“See” and these three functional factors are connected with the fundamental administration or management adding the repetition and the chain in the current of the function in.

Fayol who was at the head of “Management Process School” looked upon an organization itself as a tool or a means so as to accomplish the business management in the point of the division of labor by the principle of specialization for the organizational administration. Therefore there are

responsibilities and authorities in the task because the organization is constructed by the division of labor, and in such a system a man who has the responsibility and the authority becomes some workers' superior official, so he carries through the principle the unity of control, and the scale of the authority and the control is ordered by "hierarchy" so as to keep up the power of the concentration in the organization, for this way brings about the system of "centralization", so that he can achieve the harmoniously organizational management or administration in that way. This thought like this is very common to the theorists of the "School" as I described before.

Taylor passed judgment on the unity of control as an outstanding characteristic of the processes of the theory in organizational management especially on Fayol's way, so he put to practical use in the principle of organizational management of pluralism, although he was considered to be the same group member of classical or traditional theory of management, but we can find the qualitative difference there clearly. And we have to think about the position of the organizational management in a practical corporation and also be careful how give a definition, including the problem of the way of developing methodology, so that we recognize that the both of the organizational management to the bitter end what we call "closed system" or the problems of the internal structure only, so in terms of these points we can say that they are very similar themselves therefore the humanity and the aspect of the organization are systematized or classified in the theories as the extremely resembling things on the managerial system. Of course the theory like this has affected the theories of today and has been absorbed and digested in the managerial organizations or in the practical theory of the organizational forms, but their structures themselves based on the theories are not adopted and not introduced in the contemporary corporations because of the various changes of the circumstances of economy, society and especially business management.

Elton Mayo who was at the head of the theorists of "Human Relations" and his colleagues gave judgment on that managerial skill in an organization or the aspect of the organization based on the aspect of human being, so they insisted that they should pay attention to the members of the organization as people alive and that they should construct a logical theory of humanity. The opportunity of having been produced of Human Relations was the clinical experiment in the factory of Hawthorne of Western Electric Co., and this factory was managed by the men in the classical skills of the managerial ways and in the methods of old style business administration, and the experiment itself was the first event that the social scientist tried genuinely for all of the laborers. At the close of 1920's Western Electric Co. adopted what we call the scientific management which was a matter of concern in the United States in those days but the production efficiency was too bad, moreover the management couldn't find out the end of a thread of a solution to the problems, but

there the style of the scientific management was thought to be the best way to produce a lot of gains. For the improvement of the productivity Mayo and his colleagues were sent for the company, and the managers entrusted the investigation of the cause of the productive stagnation to them especially in Hawthorne, because the stagnation of the factory was too conspicuous to neglect. The aggravation of the productivity of the operation of making electric parts in Hawthorne had not been ameliorated in the least, though system of the manufacturing process was based on the art of the scientific management positively, and they recognized that the problems came from some defects in the art of the management and were the recognitions in the viewpoints to the members of the organization in the organizational management, that is, the hypothesis in which the members of the organization were working as “functional men” or “economic men” was a large mistake, but the conclusion about these problems was brought by mere chance and unexpectedly, so in short the problems were much connected with the laborers as human being directly.⁽³⁾ In these points we have to say that the discovery that the productivity of labor was basically based on the relation among the members of an organization was very important in the social science.

Before long the experiment and the result of the investigation were adjusted by Roethlisberger & Dickson (F. J. Roethlisberger and W. J. Dickson), and the frame as the system of the organizational management was gradually and clearly established, so the effect became a very important factor to organizational and business management as we know.⁽⁴⁾ According to their theories, the organizations of management, that is, the managerial organization was a “social system” which consisted of two kinds of “technical organization” and “human organization”, and these two kinds were to be understood to recognize the totality of an organization itself. The technical organization was a system which consisted of the “material factors” composed to achieve the managerial purpose technically word for word or literally, in the concrete to say, they showed the raw material, matter, utensils, products and something like these. On the contrary technical organization gives expression to the both aspects of the organizational members as an individual character and social-organizational personality, and as an individual character especially it takes a serious view of the sentiment and the view of the worth, so it is the foundation to produce an informal management of an organization being in contrast to the formal management of the organization on the one hand the social organization puts the specific gravity in the functional correlation as an organizational personality in the relation of the members of the organization, but there it makes the theory about the group or the organization derived from the affect its interests, therefore this context is not so simple for the investigators to understand completely.

The theory of Human Relations which was systematized by them has various characteristics

for example the concepts of the distinction of “Formal Organization” and “Informal Organization”, of course not only these important concepts but also some special features as their famous ideas in their theories. The view of the organization was very different from the many thoughts clearly in the Principle of the Scientific Management by Taylor and the art in the administrative art of the Management Process School by Fayol and his colleagues. These matters show the view of human being as a member of an organization in the organizational management, that is these affairs are closely connected with the hypothesis of “social man” so that we can find out the individual statue who does not always pursue the economic rationality for example wage and gain.

But in the viewpoint of the humanity of the “Human Relations” we can say that the realities of the theory were more passive than active and were more negative than positive and also more heteronomous than autonomous, therefore it would not be possible for us to call the theories revolutionary because the thoughts and the theories were none the less narrow concepts for the consequential angle of the humanity in a managerial organization. Before everything else an organization was thought to be “closed system”, though the members of the organization were men alive in the theory so this important point was no less indispensable in the theories of the scientific management and the theory emphasizing the processes of the organizational management than the theory of “Human Relations” in taking these matters in a wide sense, so that we could say that there was a limit to fall under the category of the contemporary theories of the organizational management, and then those theories were understood and digested in the latter theories.

3 Basic View of Modern·Contemporary Organizational Management

At the close of 1930's the methodology of the scientific management, the theory of management process and the theory of human relations were the center of interest as excellent methods in business management or administration, and in the United States new style management or new style management of an organization were tried to construct in the view of various effects of scholastic development especially in social science. The dynamical business management which adopted the effects in the adjoining science was called “interdisciplinary” investigation and it was developed positively, so from the traits we call the theories of the effects “modern management theory” and “organizational management theory of behavioral science”, and these theories which are closely connected with the contemporary investigation are very important to understand the current of the management study. The substantial founder of these theories was C. I. Barnard and

his epoch-making theory of the chief book has exerted influence upon many investigators not only in the United States but also in Japan, then his epochal angles have kept pace with the times in the business management and the organizational management.⁽⁵⁾

Being previous to commenting on the concrete methods on the business management and organizational management, he considered many different organizations which constituted the society and he made an analysis of the relation between the formal organizations and the individuals, and there he applied the cooperative concepts which were available for the universal organizations to his considerations so that he might construct the unique viewpoints of individual, the management and the organization, so we could consider his ideas to be peculiar thoughts. According to his theory, out of the existence, or belief in existence, of purposes of individuals and the experience of limitations arises cooperation to accomplish purposes and overcome limitations, and the meanings of the limitations are the biological, the physical and the social factors, so cooperation justified itself, then, as a means of overcoming the limitations restricting what individuals can do, therefore, we should first consider what in general are their limitations.⁽⁶⁾ The objects of the simplest types of cooperation are similar to the objects of individual action; hence the illusion that the motives of cooperative action are personal, but with very little elaboration of cooperative institutions it will be seen that the objects of cooperative effort change in kind and quality, and that some objects are not susceptible of individual action. So the nations, schools, hospitals, labor unions, not to speak of corporations, there are the concrete forms of the “cooperative system”. In the relation between the cooperation and the individuals the primary step in cooperation is to envisage biological characteristics of individuals as limitations which can be overcome by cooperation, and in cooperation the objective of action is necessarily removed from the individual, requiring a new form of activities, those of distribution. Some of the limitations in cooperation are similar to those of individuals, with additional limitations of an internal character peculiar to cooperation, therefore adjustment of cooperative systems to changing conditions or new purposes implies special management processes and, in complex cooperation, special organs known as executives or executive organizations, of course, in the strict sense of the term. Anyway, there through the medium of cooperative systems the efforts and the contributions are tried to achieve the final purpose of the individuals, and in terms of this point individuals have two aspects, that is, one is “organizational personality” that means the aspect of the achievement of the cooperative purpose, and the other is “individual personality” that means the achievement of the individual purpose, so it is important for laborers and the management to understand these two aspects clearly.

According to Barnard's theory, there are many kinds of cooperative systems, and there a com-

mon aspect exist looking at them closely. The common aspect is what he calls the ideal “organization”, there the organization itself doesn’t have a standard of a valuable judgment, so it makes no difference whether one thing is profitable or non-profitable in the theory speaking of correctly, which means there is no rooms to discuss the problems and also that is out of the question what on earth, of course this aspects of his is so important to understand the difference between a cooperative system and an organization minutely to say nothing of these points. The cooperative system is incessantly dynamic, a process of continual readjustment to physical, biological, and social environments as a whole and the purpose is the satisfaction of individuals, and also its efficiency requires that its effect be to change the history of its environment as a whole; it does this by changes in the physical, biological, and social components of that environment. So in short the important thing in the point is that the persistence of cooperation depends upon two conditions: one is its effectiveness and the other is its efficiency, hence to say nothing of these two factors efficiency relates to the satisfaction of individual motives and is personal in character, and effectiveness relates to the accomplishment of the cooperative purpose, which is social and non-personal in character. As I mentioned before, a cooperative system is a complex of physical, biological, personal, and social components which are in a specific systematic relationship by reason of the cooperation of two or more persons for at least one definite end, and one of the systems comprised within a cooperative system, the one which is implicit in the phrase “cooperation of the two or more persons,” is called an “organization”. So an organization comes into being when (1) there are persons able to communicate with each other (2) who are willing to contribute action (3) to accomplish a common purpose, therefore the elements of an organization are (1) communication; (2) willingness to serve; and (3) common purpose, according to his characteristic logic.⁽⁷⁾ His technical term which is common purpose can be replaced with management purpose so that we may make this word be related to a managerial organization, because of easy understanding and grasping systematically.

A management purpose consists of a “management goal” and a “management philosophy”; the one is a word which shows the aspect of the realities and the fact, and the other is a word which shows the “desirable” condition of ideal and valuable aspects of the management purpose itself. Adding to these aspects, a management purpose includes two more standards which are the aspect of pertinent correspondence of internal and external change of the situation and the aspect of depending upon an ordered contribution of personal efforts, so the one is called “organizational effectiveness”, and the other is also called “organizational efficiency”. What he meant by effectiveness of cooperation is the accomplishment of the recognized objectives of cooperative action,

therefore the degree of accomplishment indicates the degree of effectiveness, thus, as to the efficiency this factor of a cooperative system is its capacity to maintain itself by the individual satisfactions it affords, and this may be called its capacity of equilibrium, the balancing of burdens by satisfactions which results in continuance.

The management has to achieve the balance of the effectiveness and the efficiency first and foremost, so that he has to act for the satisfaction of the laborers' desires, therefore it is important for the management to furnish them with "inducement" in the aspect of the individual personality; in other words the functions of the executive are those of securing the effective adaptation of these factors or processes. When the inducement and the willingness to serve are keeping the balance, the members of the organization devote themselves to doing their best in the labor, and the management needs to arouse the function of "motivation" and "leadership" in the aspect as an organizational personality, so these viewpoints are very important factors for the organizational continuation and development. Of course he calls motivation in a general meaning motives, and calls desires, impulses, wants, by the name "motives", hence, they are chiefly resultants of forces in the physical, biological, and social environments present and past. For the continued existence of an organization and a cooperative system in a sense either effectiveness or efficiency is necessary, and the longer the life, the more necessary both are, so the vitality of organizations lies in the willingness of individuals to contribute forces to the cooperative system, therefore this willingness requires the belief that the purpose can be carried out, a faith that diminishes to the vanishing point as it appears that it is not in fact in process of being attained. When effectiveness ceases in a negative case, willingness to contribute disappears of course; the continuance of willingness also depend upon the satisfactions that are secured by individual contributors in the process of carrying out the purpose. If the satisfactions do not exceed the sacrifices required, willingness disappears, and the condition is one of organization inefficiency, and then if the satisfactions exceed the sacrifices, willingness persists, and the condition is one the efficiency of organization.

In Barnard's theory he says that the initial existence of an organization depends upon a combination of these elements appropriate to the external conditions at the moment, then in summary, its survival depends upon the maintenance of an equilibrium of the system, and this equilibrium between the system and the total situation external to it. This external equilibrium has two terms in it: the first, the effectiveness of the organization, which comprises the relevance of its purpose to the environmental situation; and, second, its efficiency, which comprises the interchange between the organization and individuals, thus the elements states will each vary with external factors, and they are at the same time interdependent; when one is varied compensating variations

must occur in the other if the system of which they are components is to remain in equilibrium, that is, is to persist or survive.⁽⁸⁾ In short in his theory he insisted that equilibrium in other word the balance should be the indispensable factor in an organization especially for survival and development, so the theory like that of Barnard's is generally called "the theory of equilibrium of organization".

The willingness to serve is closely connected with the communication, so the premise in this case is to be transmitted from the management to the members of the organization as to the management purpose (common purpose in his theory), now from the viewpoint of the individual, willingness to serve is the joint effect of personal desires and reluctances; from the viewpoint of organization it is the joint effect of objective inducements offered and burdens imposed. The measure of this net result, however, is entirely individual, personal, and objective, hence, organizations depend upon the motives (motivations) of individuals and the inducements that satisfy them. In these points the important factor is the function of the communication, that is, obviously a common purpose (management purpose) must be commonly known, and to be known must be in some way communicated. And the members of the organization understand the system of the communication correctly, adding to this point, when they accept the authority in it, the meaning of the communication makes the importance clear. When the system of the communication combines the purpose (of course management purpose in this case), the organizational formation so "organizational structure" as a concrete structure is first constructed, and "the contribution" of the members of the organization begins to function at the time; what we call a living body movement, this is "organizational behavior" as we know. Hereupon a point must be pointed out, that is, generally called "organizational behavior", he called this "acts of organizations" simply, and he says that the acts of organizations are those of persons dominated by organizational, not personal ends, and these ends, especially those which are most general or remote, since they represent a consensus of opinion, may be arrived at by non-logical processes; but since they must usually be formulated in some degree, whereas individual ends more rarely need to be formulated, the ends of organization to a relatively high degree involve logical processes, not as rationalizations after decision but as processes of decision.⁽⁹⁾ Anyhow the organizational behavior brings forth the organizational outcome as a results, and the way of the distribution is a very important problem for the organizational management, and not only the balance (the equilibrium) between the organizational effectiveness and the organizational efficiency but also the balance (the equilibrium) between the organizational outcome especially the quality and the environment of the management. So "internal equilibrium" which means what we call balance of the inside of the management is considered

carefully and “external equilibrium” which means what we call the balance of the outside of the management especially the balance of the management itself and the managerial environment is considered sufficiently, therefore the theory of the equilibrium of the organization is very important to the viewpoint of the organizational survival and the development in the organizational management.

If the characteristics of Barnard’s theory is concisely completed, in the first of all it presupposes the individuals as an active body, and also presupposes the cooperative system as a means of achievement of individual purpose, so the common aspect of the nature is defined as an organization, finally the function of the executive of the organizational management or business management, therefore such and such a logical development is an indispensable factor or a current. The theoretical cores which are individualism, collectivism, free will, theory of decision, effectiveness, efficiency, and “integration” must be able to develop the individual and the organization at the same time and he made efforts and contributed to construct such an organizational theory, so whatever the investigators who belong to the school of old management might criticize, the superiority of Barnard’s theory must be recognized in the theories of the managerial organization and the business management.

Now, the contemporary theory of business management which is constructed by Harvart Alexander Simon succeeds to Barnard’s theory fundamentally, and the basic concepts are also rested upon the interdisciplinary investigation and the theories of the behavioral science, so their researches are generally called “Barnard-Simon Theory”, as we know that Barnard wrote an introduction to Simon’s main work. It is very important for us to understand Barnard’s theory especially on modern management theories, because as I pointed out before, Simon’s theory is closely connected with his theory and is based on his concepts, therefore we must recognize the characteristics and grasp the points here again. As Barnard told us in his own preface, his purpose was first to provide a comprehensive theory of cooperative behavior in formal organizations, and the cooperation originates in the need of an individual to accomplish purposes to which he is by himself biologically unequal. With the enlistment of other individuals cooperation speedily becomes a constantly changing system made up of interrelated biological, psychological, and social elements, so in terms of these points, to survive, it must be effective in the sense of achieving organization purpose and efficient in the sense of satisfying individual motives (motivation). The executive (that is to say the management) must preside over and adapt to each other the processes which relate the cooperative system to its environment and which provide satisfaction to the members (in other words individual).

In addition to these factors the initial concept of cooperation leads to the definition of organization as a system of consciously coordinated activities or forces of two or more persons, and the essential to the survival of organization is the willingness to cooperate, the ability to communicate, the existence and acceptance of purpose. The executive functions (in short the management functions) are thus to provide a system of communication, to maintain the willingness to cooperate, and to ensure the continuing integrity of organization purpose. So C. I. Barnard's elaboration in the theory as to the functions of the executive leads to a consideration of leadership as the personal capacity for affirming decisions that lend quality and morality to the coordination of organized activity and to the formulation of purpose, therefore first we have to understand and seize these theoretical currents. We call Simon's theory "contemporary" research, and this does not mean the novelty of the epoch but the research which takes the focus to the process of decision-making in the managerial organization agrees to the investigation of the "contemporary" management especially what we call the recent computerization, so his investigation puts emphasis on the system of the decision-making itself rather than the whole system of business administration or management.⁽¹⁰⁾ He criticizes the traditional theory which consist of the unity of command, specialization, span of control, and something like these factors, because these factors themselves are superficial and non-reality, so they are only proverbs therefore the viewpoints which we need are the systems of the theories of the logical positivism in stead of the empiricism in terms of the ability of the observation, thus he recognizes the traditional or classical theories of management negatively.

He makes much of the individual decision-making first in terms of the achievement of the organizational purpose (common purpose in Barnard's theory), but he does not keep the decision-making as a standard unit of an analytic impossibility but keeps it as a process of a premise in a decision of choice, thus he tries to define the decision-making itself after analyzing various premises themselves. In these points Simon proposes a theory of human choice or decision-making that aims to accommodate both those rational aspects of choice that have been the principal concern of the economists and those properties and limitations of the human decision-making mechanisms that have attracted the attention of psychologists and practical decision-makers. According to his insistence, "decision premises" have two meanings; one is "value premise" which insists on "oughts" connected with "value propositions" and the other is "factual premise" which insists on "facts" connected with "factual propositions", and in these descriptions "factual propositions" are statements about the observable world and the way in which it operates. So in principle, factual propositions may be tested to determine whether they are true or false; whether what they say

about the world actually occurs, or whether it does not. In any case to put it shortly the value premises relate to the purpose to achieve, and the factual premises relate to the meanings of the achievement of the purpose; thus we can understand the difference of the two kinds of premises.⁽¹¹⁾

Simon refers to the rationality of decision-making and according to his investigation, one decision may be called “objectively” rational if in fact it is the correct behavior for maximizing given values in a given situation, so it is “subjectively” rational if it maximized attainment relative to the actual knowledge of the subject, but the actual behavior is based on “bounded rationality”, that is, a decision is merely a choice which is in limited spheres, therefore the “economic man” who is almighty and economically rational in the traditional theory is extremely impractical. So he emphasized the model of “administrative man” that means the man who is satisfied with a certain extent or level, and this model of administrative man is realistic in an organization of business administration or management. He summarizes these aspects of decisions and organizations, and he says, “One function that organization performs is to place the organization members in a psychological environment that will adapt their decisions to the organization objectives, and will provide them with the information needed to make these decisions correctly.”⁽¹²⁾

In order to achieve these aspects “organizational influence” takes an active part in the individual decision, and the concrete methods are “organizational loyalty”, the infusion of the efficient concept and the exercise of the managerial sense, and as the compulsion of the decisions made in other divisions of the organization he makes too much of the “authority” in formally communicational structure, the “advice” in informally communicational structure, and also information activity. So an organization is, after all, a collection of people, and what the organization does it done by people; therefore he refers to this point and says, “The activities of a group of people become organized only to the extent that they permit their decisions and their behavior to be influenced by their participation in the organization.”⁽¹³⁾ In this part he intends to say that decisions reached in the higher levels of the organization hierarchy will have no effect upon the activities of operative employees (so members of the organization) unless they are communicated downward, and that consideration of the process requires an examination of the ways in which the behavior of the operative employee can be influenced; thus he recognize the modes of organizational influence first of all. Therefore in terms of this viewpoint these organizational influences fall roughly into two categories: one is establishing in the operative employee himself attitudes, habits, and a state of mind which lead him to reach that decision which is advantageous to the organization, and the other is imposing on the operative employee decisions reached elsewhere in the organization. In brief it will be sufficient to say that an enterpriser demands the profit and customers ask for

the product, goods, and service in change for the currency, and what we understand in these matters is that participants to an organization contribute to the functions of the organization in change for the incentives and these phenomena develop with interaction and mutual reliance, so these stream in his logics are indispensable to understand the whole theory of his books. And he affirms to the investigators like next, “The members of an organization, then, contribute to the organization in return for inducements that the organization offers them. The contributions of one group are the source of the inducements that the organization offers others. If the sum of the contributions is sufficient, in quality and kind, to supply the necessary quantity and kinds of inducement, the organization survives and grows; otherwise it shrinks and ultimately disappears unless an equilibrium is reached.”⁽¹⁴⁾

These points are basically connected with the theory of “organizational equilibrium”, so this theory is also referred to by C. I. Barnard therefore Simon succeeds to his theory substantially, but Barnard argues that it acts as individual and subjective standards while Simon argues that it differs in the inducement depending upon the “kind” of the members of the organization, and Simon insists that the organizational equilibrium should result in the purpose and profit of all of the members of the organization after all. Consequently in the viewpoint of Simon’s logic the organization is described as a system in equilibrium, which receives contributions in the form of money or effort, and offers inducements in return for these contribution, and of course these inducement include the organization goal or purpose itself, conservation and growth of the organization, and incentives unrelated to these two. Therefore it goes without saying that the organization equilibrium is maintained by the control group, whose personal values may be of various kinds, but who assume the responsibility of maintaining the life of the organization in order that they may attain these values. Thus far we have surveyed the theories of C. I. Barnard and H. A. Simon, and there we can understand the methods which deliberate the equilibrium and the development of the total management system based on the theory of decision-making, and the methods which have not been regarded in the classical and traditional theories are the particular framework in the theories of behavioral science, and thereafter their theories influence “Socio-System School” and “Decision-Making School” as we know.

4 Conclusion

As I described hereinbefore, we have surveyed the genealogy of the current from the classical and traditional theory of management to “contemporary” and behavioral science of management, which develops that the theories of Taylor and Fayol have not disappeared but have been digested

and asorbed in the theories of Barnard and Simon developmently; this current of the management theories is very important to understand the theoritical changes correctly. Traditional theories of magement contribute the logical grounds to the academics of the Management Process School and the influence is inestimable at the present time. Therefore we can say that the organizational management and business management have two aspects; one is practical science and prescriptive science and the other is theoretical and descriptive aspect, and these two aspects have developed historically. For example, in the United States or the United Kingdom many investigators and scholars who research contemporary business administration or management belong to the "Management Process School", and of course this inclination has never weakened since H. Fayol's theory gained power, so this "School" is very important and indispensable to understand the way of the development of the management itself.

In the same manner after the Second World War human relations as the first in the list of the neo-classical management theories have not disappeared but have been existent as the techniques of practically efficient improvement, for example "ZD (Zero Defects)" and "TQC (Total Quality Control)", and these techniques supply many new kinds of techniques to personnel management or labor management especially in basically theoretical foundations, and we can find these inclinations in the "modern" corporations in particular; thus theoretical changes have been continuing since the genesis of the traditional management theories. Not only in techniques but also in organizational structure the functional organization and the line organization have not disappeared, either, that is, these forms of the organizations have been absorbed in the organizations of functional division and the system of the divisional organization, and adding to these forms the head office system of divisional organization, the group system of the organizations, the matrix organization, and the organization of company system have been gaining power recently, so the forms of the organizational structures have been developing in the concrete business administration and management, of course these inclinations are now needless to say any more.

Above all things Simon is called a person of influence on the theories of organizational management, business administration, and business management whose consistant characteristics in the theory is to focus upon the decision-making itself, and as the concrete examples the manipulation of the individual dicisions with innovating the outcomes in psychology, grasping a phase of brain activity, selective responsiveness to stimuli in human actions, so it appears that in actual behavior, as distinguished from objectively rational behavior, decision is initiated by stimuli which channel attention in definite directions, and that the response to the stimuli is partly reasoned, but in large part habitual. So his basis of the theory may be able to be grasped extremely philosophical

and psychological, for example in the aspects of human habits and human psychology his analysis is that the habitual position is not necessarily or even usually irrational since it may represent a previously conditioned adjustment or adaptation of behavior to its ends. Thus Simon's theory as well as the latest management theories is extremely mechanical and technological development in the theoretical inclination, so it seems that the inclination keeps pace with the computerization at the present age, as the automatic operation of the managerial decision-making which especially means the automatism of the thinking process of human beings is closely connected with the inclination and many an investigator pays attention to the phenomena.

"Organizational Society", "Information Society through the medium of computers", and "swiftness and sophistication of corporate management by way of innovating IT (Information Technology)" are called the contemporary inclination, but in such an inclination we have to analyze the historical development in business management and organizational management again, and there we have to think about the relation between human beings and cooperation, and also between organization and society; thus we must consider the real development of both of the individual and the society at the same time from the various angles in terms of the social science. Of course there are many kinds of organizations in this society, and the management of complex organizations appears to many of us concerned with it to require in particular more advanced concepts of purpose, more clearly defined ideas of professional responsibility, and a more usable understanding of the functions of leadership, then it goes without saying that work is being done on the organization processes involved in the formulation of corporate strategy and the adaptation to the achievement of conscious purposes of what is known about organization. In these days many kinds of unfavorable phenomena, for example the restructuring in human resources, urge us to reconsider the real attitude of management and organization to individuals in corporate systems, and I am sure that the reconsideration should be needed just now, for human beings are not only the objects but anytime the real subjects of the organizations in the society and we must never forget these very important points.

Notes

- (1) F. W. Taylor, *The Principles of Scientific Management*, 1911.
- (2) H. Fayol, *L'Administration Industrielle et Générale*, 1916.
- (3) G. E. Mayo, *The Human Problems of an Industrial Civilization*, 1933.
- (4) F. J. Roethlisberger & W. J. Dickson, *Management and the Worker*, Harvard University Press, 1939.
- (5) C. I. Barnard, *The Functions of the Executive*, Harvard University Press, 1938.

- (6) C. I. Barnard, 1938, *ibid.* p.24
- (7) C. I. Barnard, 1938, *ibid.* p.82
- (8) C. I. Barnard, 1938, *ibid.* p.83
- (9) C. I. Barnard, 1938, *ibid.* pp.185-186
- (10) H. A. Simon, *Administrative Behavior*, A Division of Macmillan Publishing Co., Inc. 1945.
- (11) H. A. Simon, 1945, *ibid.*, pp.45-52
- (12) H. A. Simon, 1945, *ibid.*, p.79
- (13) H. A. Simon, 1945, *ibid.*, p.110
- (14) H. A. Simon, 1945, *ibid.*, p.111

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